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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO**

STATE OF IDAHO, DEPARTMENT OF  
FINANCE, CONSUMER FINANCE BUREAU,

Complainant,

vs.

MAGIC VALLEY FINANCE, INC.,

Respondent.

Docket No. 2016-6-01

**CONSENT ORDER**

The Director of the Idaho Department of Finance (Director) has conducted a review of the Idaho regulated lending activities of MAGIC VALLEY FINANCE, INC. (the Respondent). Pursuant to said review, the Director alleges that the Respondent has violated provisions of the Idaho Credit Code, Idaho Code § 28-41-101 *et seq.* (ICC). The Director and the Respondent have agreed to resolve this matter through this Consent Order rather than through a formal administrative proceeding or civil action. Therefore, the Director deems it appropriate and in the public interest that this Consent Order be entered. The Respondent voluntarily consents to the entry of this Consent Order.

## RESPONDENT

1. The Respondent was formed as an Idaho corporation on January 30, 2009, and conducts business as an indirect auto lender. The Respondent maintains a corporate office located at 703 Washington Street North, Twin Falls, Idaho 83301.
2. The Respondent has never been licensed as a regulated lender in Idaho under the ICC.

## FACTS

3. During 2016, examiners for the Department conducted a routine examination of Progressive Title Loans, a licensed company affiliated with the Respondent. Through that process, the examiners learned that the Respondent had been underwriting and funding loan applications for another affiliate, Progressive Auto Sales (Progressive), since 2009.
4. Progressive is in the business of selling automobiles to consumers. The contracts with the customers are written to show that Progressive is the seller and lender. However, the Respondent performs the underwriting and actual funding of the loans. After the vehicle is sold, and the loans are consummated, the loans are assigned by Progressive to the Respondent. The customers then make the required payments directly to the Respondent. If a customer defaults, the Respondent initiates collection activities.
5. The examiners asked the Respondent for information about its lending history. The Respondent provided a report entitled "Sale of Receivables." Based on a review of that report, the Examiners determined that the Respondent, from October 27, 2014 through August 17, 2016, underwrote and funded at least 198 loans totaling approximately \$557,461.
6. After a discussion with the Examiners regarding the Respondent's unlicensed activity, the Respondent submitted an application for licensure with the Department.

### ALLEGATIONS OF LAW

7. The factual allegations set forth in paragraphs 1 through 6 above are fully incorporated herein by this reference.

8. Idaho Code § 28-46-301(1)(b) prohibits a person without a regulated lender's license from taking assignments of and undertaking direct collection of payments from or enforcement of rights against debtors arising from regulated consumer loans. Here, the Respondent has taken assignments of the automobile loans made by the affiliate and undertaken direct collection of payments from the borrowers.

9. The loans made by the affiliate are regulated consumer loans within the meaning of Idaho Code § 28-41-301(35). This provision defines a regulated consumer loan as a regulated loan made for a consumer purpose. In turn, a regulated loan is a loan made by a creditor regularly engaged in the business of making loans in which the debt is payable in installments or a finance charge is made. See Idaho Code § 28-41-301(39). Here, the affiliate is regularly engaged in the business of making automobile loans to consumers. Additionally, the loans are payable in installments and finance charges are incurred. Accordingly, the affiliate is in the business of making regulated consumer loans.

10. Since the Respondent is taking assignments of those loans and the payments are then made to the Respondent, Idaho Code § 28-46-301(1)(b) requires the Respondent to be licensed.

11. The Respondent was not licensed during the period of October 27, 2014 through at least August 17, 2016 during which it engaged in regulated lending activity.

### REMEDIES

12. The Respondent admits it has engaged in unlicensed activity for which it was required to have a license. Respondent agrees and acknowledges that its failure to timely and

fully comply with the requirements of this Consent Order may render this Consent Order null and void, and the Department may pursue whatever legal action against Respondent that it deems necessary.

13. Respondent agrees to pay to the Department the sum of five thousand dollars (\$5,000) as an administrative penalty in settlement of the violations contained herein, and an additional amount of five hundred dollars (\$500) constituting investigative expenses and attorney fees incurred by the Department in pursuing this matter, for a total payment to the Department of five thousand five hundred dollars (\$5,500).

14. Beginning on February 1, 2017, Respondent will pay the sum of five hundred dollars (\$500) per month, every month, until the full balance referenced in paragraph 13 is paid.

15. Upon the execution of this agreement, timely monthly payments of the penalty and administrative costs described in paragraphs 13 and 14, and an approved license application, the Respondent will be issued a license.

16. Respondent acknowledges and understands that this Consent Order is an administrative action which must be disclosed to the Department on future licensing and renewal forms. The disclosure requirements of other states may also require disclosure of the Consent Order.

17. Respondent acknowledges and understands that should the Department learn of additional violations by Respondent of the ICC, rules promulgated under the ICC, or applicable federal laws and regulations relating to Respondent's regulated lending activities in Idaho, the Department may pursue further legal action and seek additional remedies.

DATED this 11 day of January, 2017.

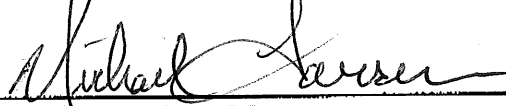
MAGIC VALLEY FINANCE, INC.

By: [Signature]

Title: President

DATED this 12<sup>th</sup> day of January, 2017.

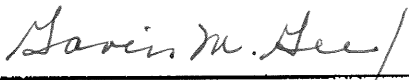
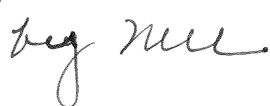
STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
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MICHAEL LARSEN  
Consumer Finance Bureau Chief

**IT IS SO ORDERED.**

DATED this 31 day of January, 2017.

STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
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GAVIN M. GEE, Director / 

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 1<sup>st</sup> day of February, 2017, I caused a true and correct copy of the foregoing fully-executed CONSENT ORDER to be served on the following by the designated means:

Magic Valley Finance, Inc.  
703 Washington Street North  
Twin Falls, ID 83301

- U.S. mail, postage prepaid
- certified mail
- facsimile:
- email: *Scott@progressiveautosales.net*

Paralegal

